

Hearing Date: November 29, 2005  
at 10:00 am.

Blank Rome LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, New York 10174  
(212) 885-5000  
Marc E. Richards (MER-9465)

Co-Counsel for DENSO International America, Inc.  
and Affiliates.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

_____	)	Chapter 11
In re	)	Case No. 05-44481 (RDD)
	)	
DELPHI CORPORATION, <i>et al.</i> ,	)	(Jointly Administered)
	)	
Debtors.	)	
	)	
_____	)	

**OBJECTION OF DENSO INTERNATIONAL AMERICA, INC. AND AFFILIATES  
TO SUPPLIER AGREEMENT ASSUMPTION PROCEDURES MOTION**

DENSO International America, Inc. and Affiliates ("DENSO"), by its Co-Counsel, Blank Rome LLP and Plunkett & Cooney, P.C., for its objection to the Supplier Assumption Procedures Motion of Delphi Corporation and its Affiliates (collectively, "Delphi" or "Debtors") dated November 18, 2005 ("Motion") respectfully represents:

1. DENSO and Delphi purchase automotive component parts from each other pursuant to a multitude of purchase orders, only a portion of which may be affected by the Motion. As of October 8, 2005 (the "Petition Date"), Delphi was indebted to DENSO for several million dollars and DENSO was likewise indebted to Delphi for a lesser amount. DENSO and Delphi have not effectuated a setoff of their pre-petition



mutual obligations. In fact the parties have continued to do business and met as recently as November 21st at Delphi's offices in an effort to resolve some of the extant issues between them. At the time of that meeting, DENSO was not aware of the relief sought in the Motion.

2. DENSO has been and continues to be a major supplier to and major customer of Delphi since the Petition Date.

3. On November 18, 2005, Debtors filed their Supplier Agreement Assumption Procedures Motion. In that Motion, the Debtors request that this Court approve certain procedures to allow Debtors to assume various supply agreements. As noted, only a portion of the outstanding purchase orders expire by their own terms at year end. The balance of the purchase orders between the parties expire over the next two years and DENSO believes would not be impacted by the Motion. DENSO does object, however, to the Motion on several grounds.

4. As noted by Robert Bosch Corporation in its objection, Paragraph 23 of the Motion states that Covered Suppliers<sup>1</sup> could be bound to the terms of an Assumption Agreement even if they do not sign the Assumption Agreement; they can be bound by performance instead. Paragraph 23 states as follows in relevant part:

[P]rovided, however, that the Debtors further propose that such Covered Suppliers be conclusively deemed to consent to and be irrevocably bound by the Procedures and each of the Required Minimum Provisions, notwithstanding its failure to enter into an Assumption Agreement, upon its first shipment of Goods to the Debtors following the Assumption Date for the relevant assumed Assumable Agreement and payment of the first installment of Cure.

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<sup>1</sup> Capitalized terms are the same as set forth in the Motion.

5. DENSO objects to the extent it seeks to permit acceptance of an Assumption Agreement because a Covered Supplier could refuse to sign an Assumption Agreement, yet it could be bound by the Assignment Agreement if it inadvertently continues performance under the applicable contract. An Assumption Agreement should only be binding when it is executed by an authorized representative of a Covered Supplier rather than by performance.

6. In addition, DENSO objects that the Covered Supplier unconditionally waives the right to seek additional adequate assurance in the future and agrees that any claim for breach of an Assumed Agreement would be an unsecured claim. In the first instance, what if the Debtors' Final DIP Financing Order is in some fashion terminated or significantly amended? And what if there is work stoppage or strike? These events, however unlikely, would certainly be instances that may warrant an additional form of adequate assurance. Yet, under the Motion the Covered Supplier is precluded from seeking additional assurance under these extraordinary circumstances.

7. DENSO and Delphi are parties to a number of purchase orders which were negotiated at arms length. DENSO reserves any and all of its rights under the purchase orders, the Bankruptcy Code and Rules, to raise other objections to the Motion.

WHEREFORE, DENSO requests that the Court deny the Supplier Agreement Assumption Procedures Motion unless (a) the Motion is modified so that the Assumption Agreement can only be accepted by an appropriate representative of a Covered Supplier and cannot be accepted by performance; and (b) together with such other and further relief as the Court deems appropriate.

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/s/ Marc. E. Richards

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DELPHI CORPORATION, *et al.*, ) (Jointly Administered)  
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Debtors. )  
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\_\_\_\_\_ )

**AFFIDAVIT OF SERVICE**

**LINA LONGHITANO**, being duly sworn, deposes and says:

1. That I am over 18 years of age, not a party to this action, and reside in  
Hartsdale, New York.

2. That on November 23, 2005, I caused the **OBJECTION OF DENSO  
INTERNATIONAL AMERICA, INC. AND AFFILIATES TO SUPPLIER  
AGREEMENT ASSUMPTION PROCEDURES MOTION** to be served upon the  
following parties by Federal Express overnight delivery:

John Wm. Butler, Jr./John Lyons  
Skadden, Arps, Slate, Meagher & Flom LLP  
333 West Wacker Drive, Suite 2100  
Chicago, IL 60606

General Counsel  
Delphi Corporation  
5725 Delphi Drive  
Troy, Michigan 48098

Marlane Melican  
Davis Polk & Wardwell  
450 Lexington Avenue  
New York, NY 10017

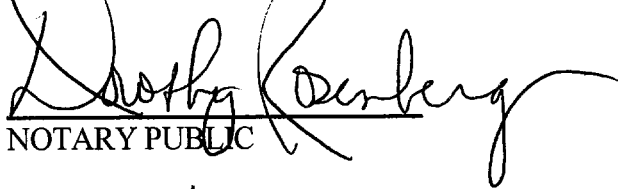
Kenneth S. Ziman  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, NY 10017

Alicia M. Leonhard  
Office of United States Trustee  
Southern District of New York  
33 Whitehall Street, Suite 2100  
New York, NY 10004

Mark A. Broude  
Latham & Watkins  
885 Third Avenue  
New York, NY 10022

  
LINA LONGHITANO

Sworn to before me this  
23<sup>rd</sup> day of November, 2005

  
DOROTHY ROSENBERG  
NOTARY PUBLIC

DOROTHY ROSENBERG  
Notary Public, State of New York  
No. 41-4771099  
Qualified in Queens County  
Commission Expires February 28, 2006